

## PART 1

### Company's Business

#### 1. Business Overview and Corporate Policy

Siam City Cement Public Company Limited (“**SCCC**”), an entity carrying out its core business operations in cement productions was initially incorporated as a limited company with the initial registered capital of 100 million Baht on 16 May 1969 and has started up its productions since 1972.

After continuously successful operation, the Company became a listed Company in the Stock Exchange of Thailand in 1977. In 1981, the Company developed fuel that was used in the cement productions in Saraburi Plant from bunker oil which had to be imported from foreign countries to be the domestically sourced lignite coals, thus, prompting the Company to be considered the first cement manufacturer in Thailand to use lignite coals for the production process.

In 1989, the Company became the first leading company in Southeast Asia to deploy the power production by using waste heat recovery system, which captured exhaust heat from the cement kilns to be reused in the production of electricity for its own production processes. Subsequently in 1993, the Company was officially renamed “Siam City Cement Public Company Limited to reflect new being a fully listed Company in the Stock Exchange of Thailand.

Deriving from the business turnovers which had continuously been growing until 1998, the business was expanded when Thai Roc-Cem Company Limited and HOLDERFIN B. V., the companies in Holcim Group of Switzerland became shareholders and strategic partners. In 1999, after completing debt restructuring and refinancing, the Company increased its capital to 3 billion Baht, from which the proceeds were used to upgrade its production facilities, improve quality and operational efficiency as well as to develop and introduce new products to the market continuously.

On 21 December 2012, a change in the shareholding structure occurred when Thai Roc-Cem Company Limited and HOLDERFIN B. V. sold their holdings in the amount of 21,390,000 shares, representing 9.3 percent of the issued and outstanding share capital of the Company, to Bangkok Broadcasting and Television Limited, a Company in the Ratanarak Group consequently resulting in the proportion of the Ratanarak Group shareholding increased to 104,360,272 shares (or approximately 45.37 percent) of the issued and outstanding share capital.

In 2013 and 2014, SCCC acquired assets of two light-weight block plants, the 1<sup>st</sup> plant in Singburi Province from Superblock Public Company Limited (SUPER), and the 2<sup>nd</sup> plant in Ratchaburi plant from Prosperity Concrete Company Limited.

In 2014, the Company became the first cement manufacturer in Thailand to be awarded the Carbon Footprint for Product (CFP) and Carbon Footprint Reduction labels from the Thailand

Greenhouse Gas Organization (TGO). Moreover, the Company also received the Green Industry Level 5 (Green Network) Award for all of its plants, which is the highest award provided by the Ministry of Industry. This makes SCCC the first Company in the Thai cement industry awarded with Green Industry Level 5 certification for all of its cement manufacturing facilities.

On 30 March 2015, Holcim sold 57,270,000 shares or equivalent to 24.9 percent of the total issued shares of SCCC to Jardine Cycle & Carriage Ltd. ("JC & C"), Singapore-listed subsidiary of Jardine Matheson Group.

In September 2015, the inception of the ASEAN Economic Community (AEC) presented us with an opportunity for regional business growth. Thus we have taken steps to expand into more overseas markets. A joint venture was created to build a cement plant in the Kingdom of Cambodia under the name of Chip Mong INSEE Cement Corporation. SCCC held a 40 percent stake in this joint venture, with the remaining 60 percent held by Chip Mong Group Company Limited and three of the family members. Chip Mong INSEE Cement Corporation was officially established in December 2015. This cement plant, which was the most modern plant in the Kingdom of Cambodia, has the dry process cement kiln with an annual production capacity of 1.5 million tons.

At the end of 2015, SCCC was awarded 6 awards in Thailand and ASEAN energy awards in 3 categories, namely Special Submission, Off-Grid-Thermal, and Tropical Building. Such awards are our prides to encourage organizations of both state and private sectors to be aware of the importance on the efficient use of energy as well as to elevate Thai energy standard level to comparatively equal to that of international standard, as well.

In 2016, opportunities arose with many attractive companies becoming available in the acquisition market, including CEMEX (Thailand), CEMEX (Bangladesh) and Holcim (Lanka), which we readily acquired. Meanwhile, SCCC bought some assets in Valence Corporation Limited (Thailand), and specific interests were tabled for the possible acquisition of Holcim (Vietnam). In addition, the Company disposed all of investment in Holcim Cement (Bangladesh) Co., Ltd. at the amount of USD 16.92 million or equivalent to approximately Baht 590.1 million to Holderfin B.V., Netherland in November 2016.

In 2017, the transfer of the acquisition of 65% of the total charter capital of Holcim (Vietnam) Co., Ltd. ("HVL") from LafargeHolcim Limited to the Company was completed on 28 February 2017. On 23 March 2017, the Company established a new subsidiary, Siam City Cement Trading Co., Ltd., to operate trading, import and export business.

In addition, the Company increased its registered capital to 2,980 million baht from the resolution of Annual General Meeting of Shareholders No. 24 on 31 March 2017.

Currently, SCCC Group Company's core business is to produce five major types of cement, namely, Portland cement, Hydraulic cement, Mixed cement, Masonry cement, and INSEE Mortar ready-mixed cement. We have three cement plants with six kilns in Kaeng Khoi District, Saraburi Province with an annual production capacity of 13 million tons. Other businesses are concrete and aggregates, as well as other related cement business.

## 1.1 Corporate Vision, Corporate Mission, and Commitments

In 2015, the Board of Directors approved the new corporate vision, mission, and commitments to reinvigorate INSEE employees and created more forward-looking SCCC that can succeed in the future.

**Corporate Vision:** We will continue to build on our long heritage of shared loyalty, creating trusting relationships with our business partners, our people and our community. We want to achieve the best value and a sustainable future for all our stakeholders.

**Corporate Mission:** We provide world-class construction materials and services that are vital to economic growth in Thailand and the wider region.

Combining sustainability and innovation, we strive for operational excellence and to exceed the expectations of all our stakeholders. Our reputation is built on outstanding performance in the quality of our products and customer service, the dedication and skill of our employees, our respect for the communities in which we operate and our ambition to set the standards for the industry of tomorrow.

### Commitments:

- **Working as a team:** One group, one vision, one team united in heart with our business partners for the good of all.
- **Doing what is right:** Staying true to ourselves and each other, maintaining the highest standards of discipline and integrity in everything we say and do.
- **Challenging conventions:** We are imaginative and always open to new ideas. We approach every business challenge with enthusiasm and strive to deliver innovative solutions beyond expectations.
- **Caring about our future:** We are committed to creating a positive future for generations to come. Caring for our people, our environment, our community, and our nation.

## 1.2 Business Growth and Development Plan

The year 2017 has been another challenging year for the SCCC Group. The Company has encountered a major contraction in domestic cement demand, and significant escalation of the energy cost. Yet, we continued to focus on a strategy to expand business in overseas markets while restructuring domestic business to regain earnings. Our strategy continuously focuses on development of innovative products with high value-added services. This includes adoption of digital technology to improve operational efficiency and change the way we operate to increase the competitiveness and be adaptive to changing customer behavior and market dynamics. The Company has launched a strategic business improvement plan to grow revenue while reducing cost and enhancing operational rigor.

### 1) Business Recovery Plan (BRP)

The Company started a systematic review of Go-to-Market approach while scrutinizing the cost base and organizational structures to prime cost and improve efficiencies. The Company conducted market analyses to assess risk exposure in the markets, new sources of volume,

tactical price setting, product and service quality, and inbound & outbound logistics. Another aspect of the review was to build good relationship among business partners, such as, project customers, retailers and wholesalers. A major program is underway to generate cost reduction initiatives directed at fuel cost optimization, logistic, cost savings and fixed cost rationalization.

Apart from that, we have reorganized the organization structure which resulted in a leaned and effective organization.

The on-going execution of the BRP will continue to safeguard the profitability and the competitiveness of our business. The business recovery plan to date has already helped saving cost more than 1,200 million Baht in cost from company-wide initiatives.

## **2) Business Expansion and Investment in the Region**

With its vision to maintain the regional market leader position, the Group has successfully expanded its business through merger and acquisition. The key strategic investment included the acquisition of cement plants: CEMEX (Bangladesh); Holcim (Sri Lanka); and CEMEX (Thailand) during 2016. In 2017, the Company successfully acquired cement plants from Holcim (Vietnam) Limited. While cement plant construction in Kampot, Cambodia, with 1.5 million tons cement is completed in Q4 2017. The Company has enhanced competitiveness through cost synergies, strengthening the source of raw materials, market expansion, new production development, diversification of risks, and enhance knowledge and expertise within the Group.

In addition, promising business expansion was seen in our ready-mixed concrete and aggregates unit where a new production line was added with 2 million tons of crushed stone capacity. Further the acquisition of flat floor application business was concluded enhancing our ability to provide value-added solution to the customers. Our waste management business, INSEE Ecocycle showed outstanding growth from the expansion of industrial cleaning services business.

## **3) Building Innovation**

The Group highly focuses on the importance of innovation, resulting from changes in technology and construction environment, to enhance the value for our customers. Throughout 2017, we have been encouraging its staff to create innovation, with the aim to assimilate it into of our corporate culture, by arranging a series of internal theoretical seminars and workshops to provide knowledge and inspiration to our employees to initiate new ideas. In addition, we have created opportunities for our staff to propose innovations related to the Group businesses, which are fully supported in terms of resources and budget to effectively

develop and transform those initiatives into new business models, adding long-term value for the Group businesses.

### **1.3 Milestone Changes in Business Operations**

Amidst intense market competition, higher energy costs and the dormant economic conditions throughout the year 2017, especially in the context of declining sales prices in the domestic cement market since the year 2016, the coal price increases and the rising electricity prices. These have resulted in many changes within Siam City Cement Group. To maximize value for customers, employees, shareholders and all stakeholders the Group has adjusted its Business Plan, Strategic Growth Plan and Development Plan to enhance competency and competitive advantage. The Company was fully committed to its mission and continued to work on the corporate vision.

In 2017, Siam City Cement successfully expanded its business into Vietnam where the rate of cement consumption was one of the highest in the region. This is a country that has solid plans to develop in the areas of investment, housing and tourism. Vietnam was the Group's market target to diversify growth after the Company has expanded its business to Bangladesh and Sri Lanka. In addition, the Group succeeded in starting up cement production at a joint venture company in Cambodia in Q4 2017, thus further enhancing its competitiveness in the growth market of Cambodia and was expected to increase revenue and profit for the Group. The expansion into the region has resulted in the increased cement production capacity, lower production costs, more knowledge sharing on research and development, and the opportunity for employees from all the subsidiaries to share experiences and discuss challenges. The regional foray has also helped to enhance the reputation of the Group and the brands to become even more recognized in all regional markets.

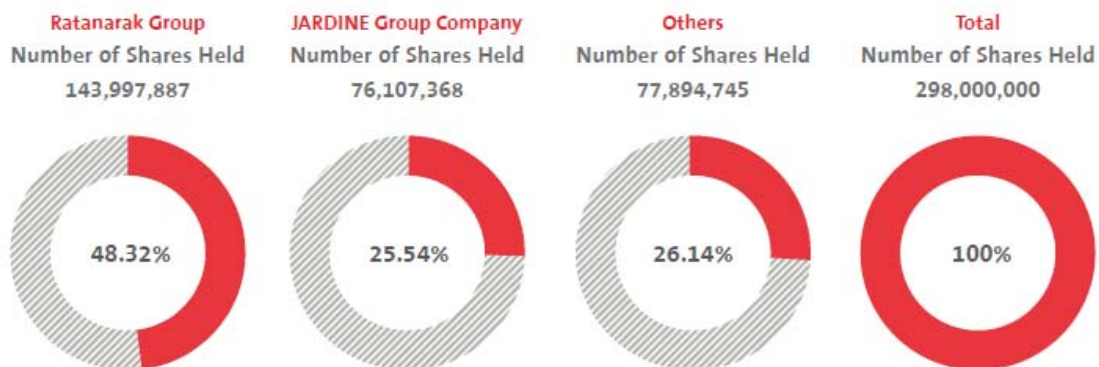
In addition to the regional expansion, Siam City Cement Group also has a strategic plan to adapt itself to the unfavorable market conditions and higher energy cost, by setting up a business improvement plan to focus on increasing revenue and restructuring expenses, as well as reducing production costs to maintain competitiveness. Also instituted was the organizational and personnel improvement plans to create a competitive advantage and support the expansion of the business to the regional level. In addition, the Company has introduced innovations in the information technology applicable to the production process to reduce costs and increase equipment efficiency.

To be harmonize with the business model caused by regional expansion that we have to do the transactions among the Group, in March 2017, a new company was set up as Siam City Cement Trading Company Limited. This business unit will be responsible for non-domestic

selling and buying between the Group and third party, including cementitious material and raw material for cement production to mainly to enhance the efficiency in balancing the production cost and the surplus supply of domestic market from now on.

After Globe Cement Company Limited became a member of the Group with a clear direction and marketing strategy, the Company saw the opportunity in the more compact segment of the market with low competition but with the prospect of higher profitability comparing to other cement products. Thus, the Company launched a new product “White Portland Cement” in November 2017. This product was a result of the cooperation between SCCC’s Marketing and Globe Production teams to maximize the benefit from our resources by using our strong INSEE distribution channels and surplus production capacity at Globe Cement to deliver the highest value for all stakeholders in the long term.

### 1.3.1 The Change of Shareholding structure in the past 3 years



In 2015, the company's shareholding structure was adjusted to reflect Jardine Matheson Group's acquisition of 24.9 percent of shares in SCCC through Jardine Cycle & Carriage Ltd., (“JC&C”) its Singapore-listed subsidiary. On 7 June 2017, JC&C acquired the Company's ordinary shares by way of open market purchase. As a result of the purchase, JC&C's shareholding in the Company has increased to 25.54%. Such change of shareholding structure has no any impact to the management of the Company.



#### 1.4 Business Group Structure

Company Name	Location of Head Office	Type of Business / Product	Registered Capital (million Baht)	Number of Issued & Paid-up Ordinary (million shares)	% Direct Shareholding
<b>Held by Siam City Cement Public Company Limited</b>					
1 Siam City Concrete Company Limited	Bangkok	Ready-mixed Concrete and Aggregates	2,500	25	100.00
2 INSEE Superblock Company Limited	Bangkok	Lightweight Concrete Product	500	5	100.00
3 Conwood Company Limited	Bangkok	Construction Material	300	3	100.00
4 INSEE Ecocycle Company Limited	Bangkok	Industrial Waste Disposal and Alternative Fuel and Raw Material Trading and Industrial Cleaning Service Business	400	4	100.00
5 Siam City Power Company Limited	Bangkok	Energy Generation from Waste Heat	2,000	20	100.00
6 INSEE Digital Company Limited	Bangkok	Technical Service and Information Technology Management and Development Services	700	7	100.00
7 Globe Cement Company Limited	Bangkok	Cement Manufacturing	701	7.01	100.00
8 Siam City Cement Trading Company Limited	Bangkok	Cement Trading	10	1	100.00
9 Siam City Cement (Bangladesh) Limited	Bangladesh	Cement Manufacturing	2,800 million Taka	48.74	100.00
10 Siam City Cement (Lanka) Limited	Sri Lanka	Cement Manufacturing	1,663 million LKR	166	98.95
11 Siam City Cement (Vietnam) Limited	Vietnam	Cement Manufacturing	3,030.4 million VND	Charter Capital	65.00
12 Lanna Resources Public Company Limited	Bangkok	Coal Production and Distribution	525	525	44.99
13 Thai Agro Energy Public Company Limited	Bangkok	Ethanol Production and Distribution	1,000	1,000	4.72
14 Chip Mong INSEE Cement Corporation Limited	Cambodia	Cement	150 million USD	0.075	40.00
<b>Held by Conwood Company Limited</b>					
1 PT. Conwood Indonesia	Indonesia	Construction Material	78.3 million USD	78	100.00

Company Name	Location of Head Office	Type of Business / Product	Registered Capital (million Baht)	Number of Issued & Paid-up Ordinary (million shares)	% Direct Shareholding
<b>Held by Siam City Cement (Lanka) Company Limited</b>					
1 SCCC Galle Cement Terminal (Private) Ltd.	Sri Lanka	Cement Trading	1,460 million LKR	146	100.00
2 Mahaweli Marine Cement (Private) Ltd.	Sri Lanka	Cement Trading	48 million LKR	4.8	90.00
<b>Held by Siam City Cement (Vietnam) Limited</b>					
1 Siam City Cement Nhon Trach Limited	Vietnam	Cement Manufacturing	812.1 million VND	812.1	100.00



## 2. Nature of Business

### Revenue Structure

Segment	Percentage of shareholding	2017		2016 (Restated)		2015 (Restated)	
		Million Baht	%	Million Baht	%	Million Baht	%
Net Sales							
- Cement	-	35,999	77	27,196	72	24,414	71
- Concrete and Aggregates	100.00	8,174	17	8,313	22	7,887	23
- Others	100.00	2,731	6	2,420	6	2,131	6
Total net sales		46,904	100	37,929	100	34,432	100
Elimination		(3,270)		(3,737)		(3,312)	
Total net sales according to financial statements *		43,634		34,192		31,120	

\* Which were eliminated upon consolidation.

### Business Operation, Marketing and Competition of Each Product Line or Business Group

Siam City Cement Public Company Limited (SCCC) was registered as a limited company on May 12, 1969 to produce and sell cement products. The production of cement commenced in 1972. The Company listed on the Stock Exchange of Thailand in 1977, and in 1993 was transformed into a public Company with the name Siam City Cement Public Company Limited. With the determination to continuously develop the businesses, the Company has restructured the business, reformed the operations and the work process. Today, the Company has expanded its businesses so far as to establish affiliated companies and ventures in which the Companies hold shares both directly and indirectly.

The SCCC Group was able to develop products and services related to the main business of the Company encompassing operations involving many types of construction and fiber-cement decorative materials for architectural works both domestically and abroad. These include subsidiaries companies within the Group differentiated by products and services including marketing and competitiveness, namely;

#### Cement Segment

##### **Siam City Cement Public Company Limited**

Since its founding 48 years ago, Siam City Cement Public Company Limited (SCCC) has placed great value on commitment to corporate vision in providing foundation for Thailand's future. Consistent with the past to achieve the vision, SCCC has been supporting Thailand's development by offering innovative solutions in cement and other related cement products. As of today, the Company has three cement plants with six kilns in Kang Koi District, Saraburi Province.

## 1) Products and Service

SCCC, as one of the leading cement producers, currently offers five major types of cement products;

1. **Portland Cement** specially developed for the reliable production of ready-mixed concrete, high quality concrete tiles, and all kind of concrete piles and poles and panels, as well as pre-stressed concrete products.
2. **Hydraulic Cement** developed for equivalent applications as those of Portland cement, offering an improved workability of the fresh concrete and with even more environment friendliness.
3. **Mixed Cement** specially formulated for plastering and bricklaying works, where good workability with smooth and finishing works are required.
4. **Masonry Cement** designed for fine plastering work, where extremely smooth finishing is essential, as well as maintaining excellent plastering workability to ensure masonry quality.
5. **Mortar, also known as “INSEE Mortar”** fulfills customers’ need for absolute convenience and quality by providing ready-to-use products; namely, INSEE Mortar which can be used instantly by mixing with clean water in the appropriate portion. INSEE Mortar has currently a portfolio for seven applications;
  - 1) Plastering mortar - for general plastering, fine plastering, light-weight block plastering, fine light-weight block plastering, concrete plastering and skim coat.
  - 2) Brick laying mortar - for normal brick laying and light-weight block brick laying.
  - 3) Floor leveling - for both conventional and higher workability floor screeds and leveling.
  - 4) Tile adhesive - for general, high adhesion, and tile-on-tile application.
  - 5) Dry concreting - for general small concreting application, promoting more convenient use compared to concrete mixing at job site.
  - 6) Cast wall mortar - for wall filling application.
  - 7) Non-shrink grout mortar - for residential, industrial and infrastructure.

## 2) Marketing and Competition

In 2017, the Thai economy expanded by 3.8 percent, improving from 3.2 percent in 2016. The supporting factors for growth included (1) leading growth from export sectors credited to good recovery of global economy. (2) continued increase in record number of inbound tourists which also stimulated from better global economy (3) gradual improvement of private sector consumption driven by increased revenue in agricultural sector and strong employment in services sector (4) increased but delayed government expenditure and the progress of the infrastructure investment plans, especially road and rail projects (5) slow progress from private sector investment (only in electronic industry) whereas the others still sit with excess capacities.

The construction sector experience negative growth from the delay of large government infrastructure projects and continued contraction of private construction. This was in line with the contraction of key indicators, including permitted construction areas. The industrial segment was affected by the delay in supporting policies while the residential segment was more cautious in initiating new projects due to lower consumer confidence index and the household debt situation. The sales of cement products decreased, while the prices of construction materials continued to drop due to the contraction of the major price index,

especially the prices of cement, concrete and wood products. In addition, an increase in the domestic and regional cement production capacities affected the cement market, leading to higher competition among cement producers and distribution channels. Hence, short-term tactical pricing was implemented by both cement producers and dealers to secure their respective customer groups.

However, the long-running competition among cement producers will still focus on delivering superior products and service quality to improve end-user satisfaction and promoting direct product experience through various marketing and media events which would yield higher brand exposure and acceptance. Superior relationship with the distribution channels, both dealers and producers, was also one of its key strengths due to the implementation of various customer relationship management platforms and business solutions. To escalate relationship levels with its customers and improve distribution efficiencies, the Company continuously provided business support programs to ensure the competitiveness and to build a sense of cooperation which reduced native business impact from competitors' fresh marketing strategies.

### 3) Procurement and Production

#### 3.1) Production

Siam City Cement Public Company Limited is one of the leading cement producers in Thailand. The Company has a total of six cement kilns with the clinker capacity of 13 million tons. Currently, five kilns are in operation, with the combined production capacity of 12 million tons.

In term of cement production, the Company runs 12 cement mills with the maximum capacity of 17 million tons. However, cement capacity relies on clinker capacity, limited to 14 million tons. Thailand's cement production capacity is approximately 60 million tons, with most Thai cement plants running at about 60 percent capacity. With its excess capacity, Thailand remains one of the largest cement exporters in the world. Thailand's cement industry was recently buoyed by the country's economic growth policies and government sponsored infrastructure investment.

#### 3.2) Raw Materials and Fuels

Materials	Procurement	No. of Supplier	No. of Supplier depended over 30% of total purchase amount	Risk	Purchase Ratio	
					Domestic	Overseas
Main Raw Materials						
Limestone	Own resource and production, yearly purchasing contract and occasionally purchase	3	1	None	100%	-
Shale	Own resource and production	-	-	-	-	-
Clay	Long-term purchasing contract, long-term production contract from own resource, and occasionally purchase	2	1	None	100%	0%
Gypsum	Long-term purchasing contract	1	1	None	100%	0%
Copper Slag	Long-term purchasing contract for 3 years	1	1	None	0%	100%
Kraft Paper	Yearly purchasing contract and	4	1	None	0%	100%

Materials	Procurement	No. of	No. of Supplier	Risk	Purchase Ratio	
	occasionally purchase					
Jumbo Bag	Yearly purchasing contract and occasionally purchase	2	1	None	100%	0%
WPP Bag	Long-term purchasing contract	3	2	None	30%	70%
<b>Main Fuels</b>						
Coal	Yearly purchasing contract and additional occasionally purchase	6	2	Period of contract >10 years	-	100%
Lignite	Long-term purchasing contract	1	1	Period of contract >10 years	100%	-
Petroleum Coke	Occasionally purchase	1	1	None	-	100%
Diesel Oil	Occasionally purchase	5	-	None	100%	0%
Bunker Oil	Occasionally purchase	5	-	None	100%	0%

In terms of raw materials and fuels, SCCC has its own mines to supply resources as well as has entered long-term contracts with suppliers to procure other raw materials and main fuels. Those suppliers are from both domestic and overseas, which the Company has been engaged with favorable relationship for a long time. In this regard, SCCC aims not to overly depend on single supplier to prevent the risk of shortage in raw materials or fuels.

### 3.3) Environmental Impact from Production Process or Waste Disposal

For the past 48 years of our cement manufacturing, the Company has intended to operate our business based on environmental concerns, and social responsibilities following the principles of sustainable development. One of our core missions is to prevent and mitigate the environmental impacts which may be caused by cement production and other relevant processes. The stakeholder engagement is also our key consideration and commitment.

In the current years, there was no significant environmental grievance and problematic issue occurring from our cement manufacturing and waste management service. The environmental regulatory and other relevant obligations were complied with, while our environmental targets and good practices have been maintained and continuously improved throughout the operation period. Such targets and practices include reduction of air pollutions and greenhouse gases (GHG) emissions, minimization of water consumption and zero discharge, decreasing in energy consumption, zero waste to landfill, increasing of alternative fuel and raw material (AFR) utilization, development of eco-friendly products, updating of the Best Available Technique (BAT), and increasing of environmental awareness of employees and stakeholders.

Moreover, we became a verified member of the Cement Sustainability Initiative (CSI), the Global Cement Organization under the World Business Council for Sustainable Development (WBCSD) since 2015, while the Environmental Management System (EMS) has already been transferred into the new international standard version (ISO-14001:2015) since the beginning of 2017.

### 4) Work in Progress

None

## Globe Cement Company Limited

Globe Cement Company Limited (established in 1992) is a subsidiary of Siam City Cement Group since May 2016. Globe Cement is the producer of Portland and mixed cement with global quality standard widely accepted by research institutions. The Company distributes its products via over 300 authorized dealers around the country.

### 1) Products and Services

Currently, we produce and distributes main products as follows;

1. **Blue Globe - Hydraulic Cement** for heavy construction which requires high compressive strength or resistance, such as concrete structures, buildings, dams and bridges. It meets applicable requirements of TIS 2594-2556.
2. **Green Globe - Masonry** for plastering, brickwork and basic construction with light loads. It is a mixture of Type I Portland cement and fine limestone-fine mixture procedure for easy plastering and bricklaying with appropriate setting time that is perfect for housing construction.
3. **Super Globe - Mixed Cement** all-purpose masonry cement for plastering brickwork, forming shapes and basic construction without heavy load that is packed in 40-kg bag. It exceeds the TIS standard 80-2550.

### 2) Marketing and Competition

In 2017, we generated its operating income primarily from cement sales. The key marketing policy for products and services is to provide a wide range of products at competitive prices together with fast delivery service. Our target customer groups are the medium group. The Company mainly distributes the products to market through wholesalers and retailers (approximately 90 percent of total sales) and through modern trade (approximately 10 percent). We focus on competing in high quality product market where competition is intense due to the proliferation of competitors. In addition, we also fill orders through Customer One-Stop Service Center.

The intense competitive conditions within the cement industry in recent years have affected the pricing mechanism. Besides, investments in large public and private infrastructure projects slowed down, resulting in decline in cement consumption.

However, the Company's key success factors are the quality and value of products with fast responsive services to customers. This is vital to the Company to maintain its competitiveness amidst intense competition.

### 3) Procurement and Production

Globe Cement plant is located at Chaloem Phra Kiat District, Saraburi Province, with an annual cement production capacity of 844,000 metric tons, or 2,200 metric tons per day. The Company production process is operated under strict safety and environmental policy including with Quality Management System and Energy Management System under ISO-9001 and ISO-50001.

In 2017, we received national awards such as the Silver Medal for Industrial Waste Management; Green Mining Award; and, Award for Corporate Social Responsibility Program by Department of Primary Industries and Mines (CSR-DPIM).

In our operation process, Globe Cement purchases raw materials mainly from suppliers in Thailand.

### 3.1 Environmental Impact from Production Process or Waste Disposal

The Company aims to do the business along the line of environmental and social responsibility. Our business has reduced the environmental impacts from cement production process by installing the bag filter on cement mills and conveyor belts to remove the dust from the operation. The recovered dust was conveyed back to the operation process, thus resulting in the zero-dust waste from the operation that may affect nearby communities. We have also joined government projects which promoted the environmental consciousness to all stakeholders, and has been certified with the Green Industry Awards Level 3: Green System, the Green Mining Awards, Energy Management System (ISO-50001) and Silver Medal for Waste Management System Program in 2017 from Department of Industrial Works. Globe Cement was also a member of CSR-DPIM Network.

### 4) Work in Progress

None

### **Siam City Cement (Bangladesh) Limited**

Siam City Cement (Bangladesh) Limited (INSEE Cement Bangladesh) is a subsidiary of Siam City Cement Group since the acquisition from CEMEX Cement (Bangladesh) Limited in July 2016. The Company has a grinding capacity of approximately 0.5 million tons per year.

#### 1) Products and Services

Due to non-availability of natural resources such as limestone in Bangladesh, all cement manufacturers in the country import clinker to produce cement except for Lafarge that imports limestone from India. Other raw materials, namely, gypsum, slag and fly ash are also imported from neighboring countries, hence, logistics plays a vital role in the purchase of raw materials and the distribution of cement.

The Bangladesh cement market is dominated by **Portland Composite Cement (PCC)**. Accordingly, PCC is SCCC Bangladesh's main product and on average comprises 95 percent of its annual sales. PCC uses pozzolanic materials, such as fly ash, to increase long-term strength and reduce the percentage of clinker to improve the Co2 footprint. In Bangladesh, the use of **Ordinary Portland Cement (OPC)** is mostly limited to government projects and infrastructures. OPC consists of clinker (approximately 95 percent) and gypsum (approximately 5 percent). The Company also provides aftersales services to corporate as well as large infrastructure projects.

#### 2) Marketing and Competition

Siam City Cement (Bangladesh) Limited pays close attention to quality and upholding brand image in the cement industry of Bangladesh. The business is mainly focused on distributors, retailers, corporate customers and LIPs. The Company aspires to continue increasing market share through delivery of superior quality cement at a premium price and by creating a niche position.



Currently, 34 manufacturers with a combined grinding capacity of 41.5 million tons per year are in operation, among them are four multinational companies. Approximately 75 percent of the total market share is held by top-10 manufacturers. Among these top-10 players, seven are local and three are multinationals. Multinational cement producers are facing intense competition from local companies as these large conglomerates have achieved economy of scale due to high market share. MNCs now hold only about 20 percent of the total market share while we have roughly 1.6 percent.

Bangladesh's cement market is about 25 million tons per year and growing at about 10 percent with a dense population of 158 million. Per capita cement consumption is approximately 154 kilograms which is still much lower compared to peer countries like the Philippines (261 kilograms), Indonesia (255 kilograms) and India (216 kilograms). Hence, it has a large potential going forward. Bangladesh has been experiencing astounding growth in the last decade and has reached a milestone GDP growth rate of 7.24 percent in 2017. The growth rate is projected to be 7.4 percent as public infrastructure projects further progress. These include Padma Bridge, Metro Rail (SCCC Bangladesh's client) and Elevated Expressway (SCCC Bangladesh's client). We expect to be a part of this tremendous growth by enhancing its capacity from 0.5 to 1.2 million tons per year in the first phase and up to 2.0 million tons per year in the second.

### **3) Procurement and Production**

The Company is located at on the bank of Sitalakshya River at Narayanganj, which is 34 kilometers south of Dhaka. It is a grinding station set up on 12.5 acres of land. Clinker is sourced from Siam City Cement Group that also fits in the overall corporate strategy to liquidate surplus clinker at its parent facilities.

Approximately 70 percent of the cement are dispatched by road and the rest by waterways in bulk or bagged form.

Some benchmarks for logistical excellence maintained by Siam City Cement (Bangladesh) Limited

- Ensuring good packing for delivery
- Assurance of quality of product and services
- Meeting safety compliance
- Introducing loyal channel partners
- Establishing warehouses at strategic locations of our relevant markets

#### **3.1 Environmental Impact from Production Process or Waste Disposal**

We operate its business in Bangladesh in compliance with local laws and regulations with regards to environment and social responsibilities. Its production and distribution processes of cement are aimed to limit dust generation to zero by ensuring the recycling of any leaked raw material and finished materials back into the grinding process through the installation of dust collectors at various critical points of the operation.

Other materials such as scraps and used oils etc. are solely handled by the third party. It also ensures minimum water consumption inside the plant, while the drainage system and the treatment plant make certain that the water into the nearby river is suitably treated. Being socially responsible, the Company recently constructed a one-kilometer concrete road from



the plant to the main road thus reducing the risk of grievances of the local community and increase road safety in the surrounding area. We committed to achieve its business objectives while keeping its commitment to environment and society.

#### **4) Work in Progress**

None

#### **Siam City Cement Lanka Limited**

Siam City Cement (Lanka) Limited (INSEE Cement Lanka) the premier cement manufacturer in the Sri Lankan market, holds the largest share of the market at 38 percent. With a strong distribution network of over 7,000 dealers in the retail segment across the country, approximately 75 percent of our total revenue is generated from the retail segment, making it a truly household brand. The Company was established 50 years ago as a state-owned entity and later as a private entity, eventually evolving into INSEE Cement today.

#### **1) Products and Services**

INSEE Sanstha is the main premium brand with over five decades of reputation where 30 percent of the houses in the country are built using this brand.

Through the merger with Lafarge, Siam City Cement (Lanka) Limited inherited the Mahaweli Marine brand, which is also a very strong brand with over three decades of reputation. Both these brands are in the premium segment with other brands such as INSEE Flow, INSEE Rapid Flow Plus, and INSEE Extra used by the B2B customers.

#### **Your Needs Our Solutions**

With the acquisition, the Company has re-introduced advanced and revamped versions of cement products under the INSEE Cement brand in Sri Lanka, drawing from the accumulated expertise and knowledge of Siam City Cement Company's decades of operational excellence. The Company operates with a mandate of challenging conventions through advanced research, addressing industrial demands with the breakthrough concept of 'application-based cement', offering specialized cement products to meet varying construction needs.

These re-launched products include INSEE Rapid Flow, an Ordinary Portland Cement recommended for precast concrete elements of large-scale infrastructure projects. Both INSEE Rapid Flow and INSEE Rapid Flow Plus produce an unmatched compressive strength, reducing the admixture and cement consumption in the concrete mix.

We also re-introduced one of Sri Lanka's oldest and pioneering cement products, the Mahaweli brand as INSEE Mahaweli Marine Cement, and its advanced engineered successor, INSEE Mahaweli Marine Cement Plus. The INSEE Mahaweli Marine products generate a high early compressive strength and are ideal for projects that require rapid setting times, especially fast-tracked constructions that would benefit financially from early occupancy.

INSEE Extra has been re-launched in the local market as one of the most highly economical and durable blended cements, due to the use of fly ash in its production. Higher workability and pumpability of fly ash cements reduces the amount of admixtures required in the concrete mix, leading to a significant cost-reduction in large-scale constructions.

INSEE Sanstha, sourced and manufactured locally, has rightfully earned its place as the country's leading retail cement brand, producing a higher strength compared to any other cement in the market.

Siam City Cement (Lanka) Limited at present records the lowest carbon emissions in cement production in Sri Lanka, with the holding company in Thailand being an active member of the global Cement Sustainability Initiative (CSI). The Company was presented with the Green Platinum Award at the educational and environmental exhibition "Haritha Sihinaya 2017" by His Excellency President Maithripala Sirisena in recognition for their practical approach toward sustainable constructions.

### **Our Innovative Solutions**

Through heavy investment in research and innovation, We are now looking to transform cement from a commodity product into a total solution. Behind the Company's drive to realize this revolution, is a dedicated team of highly qualified engineers and technologists operating a cutting-edge Innovation & Application (I&A) Center. The I&A Center offers numerous value-added services and solutions to customers, from mix design evaluation to concrete performance testing, from ground-breaking software-based 3D thermal modeling solutions to technical recommendations and consultations. The Center also collaborates with state universities to create innovative solutions for projected industrial requirements by conducting new research on product development.

To further augment customer experience, we have also introduced a unique onsite solutions development service; the INSEE Mobile Laboratory. This fully equipped mobile laboratory visits customer locations on call with a team that includes an engineer, to improve concrete mix quality, provide technical advice and services, and troubleshoot any cement, aggregates and concreting related issues on site.

### **2) Marketing and Competition**

Sri Lankan market is a very competitive market with Siam City Cement (Lanka) Limited and Tokyo Cement having close to 70 percent market share, while Ultratech, Singha Cement (Heidelberg) and bag importers having the remaining 30 percent of the market.

As Sri Lanka consolidates its stand as South Asia's hub for logistics and international trade-led economic growth, infrastructure and development play a pivotal role in the country's resurgence. With Sri Lanka's construction industry gaining momentum and reaching international standards in pace, scale and architecture, the country's leading cement manufacturer, the Company is geared to meet the growing demands of the local construction industry.

The lifestyle of Sri Lankans is also changing. People have become more ambitious and seek better and bigger housing. As a result, the demand for cement has increased although the bag segment has slowed down due to the prolonged drought which has greatly impacted the agriculture sector while the bulk segment shows a growth due to the strong surge in the industrial sector. Altogether, we expect a 6-7 percent demand growth in the next two years.

B2B business is poised for an outstanding growth. The development that slowed down with the change of government in 2015 has now spurred into action with key projects recommencing with new vigor. This trend is not only in massive infrastructure developments, but more so in the high-rise apartment complexes and large hotels that are changing the

skyline, especially in Colombo. Therefore, we can expect a paradigm change for the better as the demand keeps pace with the evolving infrastructure developments.

### **Our Growth and Expansion**

Sri Lanka's economic growth is primarily driven by large-scale infrastructure development projects, foreign exchange earnings flowing in from tourism and remittances from foreign employment, with export earnings from the regaining of GSP Plus concessions contributing to the growth momentum.

In this scenario, projects such as Colombo Finance City and Megapolis play a vital role as key growth drivers. Construction in the small- to large-scale segments will also continue to grow, off-setting the slowdown of the Individual house & builder segment which will be fueled by the consumer shift towards vertical living.

The Company recently commenced building a new US\$14 million vertical cement grinding plant in Galle and soon we will commence its ready-mixed business in Sri Lanka. In addition, the Company recently partnered with the Construction Industry Sector Council (CISC) to hold a working session on strategic planning for sustainability as a corporate responsibility endeavor to build a better future for the nation. The session was the first of its kind for the skills sector council in Sri Lanka.

### **3) Procurement and Production**

The Company fully integrated plant can produce only 800,000 tons clinker and the balance requirement of roughly one million tons is imported from Thailand, Indonesia, Vietnam and India.

We also import OPC bulk cement through its Colombo terminal under the Mahaweli Marine brand as a result of the merger.

We introduced the first green cement business in Sri Lanka. Being in the cement industry, it is a challenge to get a green rating, so this shows the Company's contribution to minimizing the environmental impact.

Another key innovative step of Siam City Cement (Lanka) Limited has taken is the ship-to-ship operations, where we transfer material from bigger to smaller vessels. This is the first time it has been done in Sri Lanka. The initiative was motivated by safety measures, and resulted in reducing more than 200 vehicles on the roads and 800,000 kilometers of road mileage.

### **3.1 Environmental Impact from Production Process or Waste Disposal**

INSEE Ecocycle, the waste management arm of INSEE Cement Lanka, provides business solutions through a world-class and proven co-processing technology, where hazardous waste is disposed without any environmental impact using our kiln facility in Puttalam. The technology is endorsed by the World Health Organization, the Basel Convention and others as being world-class, and approved by local government agencies. It has co-processed more than 600,000 tons of industrial waste by partnering with over 350 organizations including government institutions.

The Company rehabilitates our quarries to the pre-mining stage together with International Union for Conservation of Nature (IUCN), to preserve and monitor biodiversity in Aruakkalu.

Preserving the mangroves, animal rescue and a coral rehabilitation project in the Southern area are key environmental initiatives undertaken by Siam City Cement (Lanka) Limited.

We have also adopted environmental best practices in its products. The Sanstha brand is Sri Lanka's first cement product to be awarded the green label certification by the Green Building Council, and is produced with seven kilograms less Co2 emission per bag.

In addition, INSEE Extra, INSEE Mahaweli Marine Plus and INSEE Rapid Flow Plus received the Gold Award at the CIOB Green Mark certification by the Ceylon Institute of Builders, Sri Lanka.

It is evident that INSEE Cement is playing a proactive role to combat climate change and strengthen Sri Lanka's position as a global nation balancing development with care for the environment by manufacturing eco-friendly products. The Company's social responsibility extends to nurturing local communities and preserving the environment, thereby adding value to the national economy.

We will continue to play the role of a responsible corporate citizen.

#### **4) Work in Progress**

None

#### **Siam City Cement (Vietnam) Limited**

Siam City Cement (Vietnam) Limited (INSEE Cement Vietnam), established since 1994, has become the leading cement and concrete manufacturer, as well as waste management solutions company in the South of Vietnam. We are proud that our products and solutions have been used in many iconic buildings and infrastructure as well as thousands of housing and commercial developments. Therefore, INSEE Cement Vietnam is building brighter futures by actively contributing to the economy, environment and society. The Company has more than 1,100 employees working at five different cement production sites as well as seven concrete batching plants in the greater Ho Chi Minh City (HCMC) area.

INSEE Cement Vietnam aims to become the No.1 building material company in Vietnam by 2020 with the focus on continuously increasing customer satisfaction, as well as growing and differentiating in following three key areas:

- Build premium brand and positioning as INSEE
- Create value and differentiate with innovative products, solutions and services
- Offer digital platforms and experience for the construction market

#### **1) Products and Services**

##### **INSEE Cement**

INSEE Cement Vietnam supply the widest range of high-quality cementitious solutions in the market and offer many benefits to both individual housing, as well as industrial applications. For the retail market, the Company is focusing on providing different solutions for the individual homebuilders by not only serving them with an application-based product, but also offering technical on-site service, or 24/7 call center for direct support. For the industrial market, we are offering a wide range of cementitious solutions such as for precasters, concrete applications or specific infrastructure with unique requirements like soil stabilization

or sulfate resistance. With experienced technical consultancy at customer sites, we complete our offerings as the leading total solution and service provider.

### INSEE Beton

Established in 2005, INSEE Beton has been known as a leading supplier of ready-mixed concrete in HCMC. We continuously offer innovative products, effective and optimal concrete solutions. With state-of-the-art batching plants, located in strategic locations in HCMC, INSEE Beton has been a reliable partner of leading national and international contractors in major projects in southern Vietnam over the last 10 years. The Company proudly develops and offers comprehensive solution packages perfectly meeting various increasing requirements of customers in all types of projects.

### INSEE Ecocycle

Established in 2007, INSEE Ecocycle, formerly known as Geocycle, has been the leading provider of waste management solutions in Vietnam. Over 10 years of comprehensive experience, INSEE Ecocycle is proud to be a trustworthy partner of large corporations in a wide range of industries. It is our aspiration to ensure a sustainable environment for future generations.

The Company aims to provide the best and safest available waste management solutions to customers, assuring them the “peace of mind”. The Company also contributes to sustainable development by environmental protection and resources conservation.

## **2) Marketing and Competition**

Vietnam's market outlook and construction forecast are the brightest in Southeast Asia for the next five years with expected annual growth of five percent. Sustainable economic growth, young population and continued urbanization are the key drivers. The government, as well as foreign investors, have announced, and are planning, major development projects in coming years such as new metro line network, petrochemical refinery, highway rings around HCMC, thermal power plants, residential and commercial buildings, etc.

Looking at the cement market in particular, the oversupply in North and Central will remain, while the South continues to be at equilibrium. However, as the market becomes more attractive, the Company can expect some players from the North and Center to try to penetrate the South.

To drive INSEE customer satisfaction we improve customer experience by:

### INSEE Application and Innovation Center (IAIC)

With modern equipment and professional technicians, IAIC provides a wide range of testing services, including standard tests for aggregates, concrete and special applications. IAIC is accredited as Vilas 100 by the Ministry of Science and Technology and the Bureau of Accreditation.

### Digital Transformation

The Company captures the digital wave to not only become more efficient in internal processes through automation, but also to further differentiate with new value-adding experiences for our customers in Vietnam's building material industry.

### “GREEN LABEL” - Our efforts to greening INSEE’s Product

The Company realizes that everything we build today is creating a legacy for tomorrow. That is why our goal is not only to produce the best quality materials, but also the most sustainable. Demonstrating the pioneering role in applying new technology and innovation of cement production field, our cement products/solutions meet all requirements of the “green” standards, such as: LOTUS, LEED, GREEN MARK.

We are proud that our products are the first ones in Vietnam to be awarded the Lotus Green Database and receiving the international Singapore Green Label Product certification.

### **3) Procurement and Production**

Siam City Cement (Vietnam) Limited has over the years become the leading cement producer and waste management company in the south of Vietnam. The Company provides world-class construction materials and services that are vital to national economic growth with five different cement production sites across southern Vietnam, as well as ready-mixed plant (RMX) in the greater HCMC area, we have an annual cement production capacity of almost 6.1 million tons. Production process is operated under strictly quality and environment policy, including system compliance management system under OHSAS-18001, ISO-14001 and ISO-9001.

#### **3.1 Environmental Impact from Production Process or Waste Disposal**

Sustainability is one of the core values of our business operations, balancing the three aspects of economic growth, environmental performance and social responsibility. To mitigate the environmental impact, we comply with the requirements of legal and relevant stakeholders. The Company cares about communities around our sites with many various initiatives (i.e. education, rural infrastructure, inclusive business) that benefit over one million people with the support of all our local stakeholders.

Environmental performance is firmly anchored along the entire value chain, from production to end-users. With the state-of-the-art manufacturing technologies, the Company aims for highest environmental compliance and performance. The efficient consumption of nonrenewable natural resources is made possible through the development of blended cement that have been awarded with green labels.

### **4) Work in Progress**

None

### **Chip Mong INSEE Cement Corporation**

Chip Mong INSEE Cement Corporation (CMIC) is a joint venture between Chip Mong Group (CMG) and Siam City Cement Group, combining local market expertise and distribution network of CMG with the best in SCCC’s cement technology knowhow. The Company vision is to be the most admired and trusted solution provider in the Cambodian cement industry, and beyond. We have a bench strength of 365 employees including well diversified professionals from all over the world.

### **1) Products and Services**

Our products are advanced quality cements for both the retail and industrial market segments, all manufactured from well selected local raw materials, with world class quality



control and standard assurance. Our cements brand “CAMEL” is for the retail market and the “INSEE Diamond” brand for the technical & industrial markets are supplied from this new facility at Touk Meas.

## **2) Marketing and Competition**

Over the past decade, the domestic demand for cement in the Kingdom of Cambodia has shown robust growth due to growing population and GDP per capita, and boosted by investment in large infrastructure projects, robust tourism and high-rise apartments. Cambodian’s cement demand in 2017 was approximated 5.6 million tons per year. The capacities of four main players - CMIC, SCG, Huaxin and (by mid-2018) Anhui Conch, are expected to cover most, if not all, of the country’s demand by 2019, depending on capacity utilization efficiency.

The country’s market condition has been favorable for the Company to penetrate and grow. We have the comparative advantage in logistics with the prime location of its cement plant close to most high-demand areas - in the provinces around Phnom Penh. Road and rail transportation modes are readily available, combined with low energy based production costs, the Company has a well-placed cost-to-serve advantage to compete in the market.

During 2017, we have has conducted various activities to increase brand awareness with its “New CAMEL” brand through external launch, retailer local tours, and CAMEL Cement Roadshows across the country. These activation measures engaged consumers and masons, and supported loyalty to CMIC’s products and services.

Chip Mong INSEE Cement Corporation has enhanced the distribution of its products via authorized dealers around country, many of which have been migrated over from the Chip Mong Group.

## **3) Procurement and Production**

Our manufacturing plant is located at Touk Meas, in Kampot Province, 125 kilometers south of the capital Phnom Penh. Since groundbreaking in late March 2016, the Company has built a fully integrated cement plant in just 20 months and was set to deliver first locally cement product in November 2017. On September 30, 2017, the Company passed the pivotal milestone of kiln No.1 firing at its new 5,000-ton-per-day clinker line.

On 1 October 2017, CMIC signed an EPC contract with CITIC Heavy Industries of China, for a 6.1-MW Waste Heat Recovery power generation unit to generate electricity from captured waste heat arising from cement production. Operating with the lowest carbon footprint is a core mindset of the Company.

As a responsible heavy-industry company, we are committed to efficiently, sustainability and properly managing the utilization of Cambodia’s natural resources and deploying its extensive and talented human capital for the best in international safety standards. The Company is committed to make the difference in serving the needs of today’s customers without sacrificing the interests of future generations. We do this by adopting an active policy of environmental stewardship that is an integral part of our sustainable development orientation in close collaboration with our stakeholders.

## **4) Work in Progress**

None



## INSEE Ecocycle Company Limited

INSEE Ecocycle Company Limited is a subsidiary of Siam City Cement Group offering waste management and industrial services. In 2017, the Company continued to work towards becoming the leading environmental services business in Thailand. With this sustained improvement and development, the Company has further enhanced capacity by becoming a total services solution provider, starting from specialist chemical cleaning services to waste management. With the expansion of licenses, INSEE Ecocycle is able to manage wider range of waste streams and offer a “one-stop-service” package to our key customers.

### 1) Products and Services

INSEE Ecocycle offers its waste management services across Thailand and industrial cleaning services specifically for the oil & gas, chemical and power generation sectors, both domestically and internationally.

Siam City Cement Public Company Limited has been granted waste management licenses (co-processing of waste in cement kilns). INSEE Ecocycle has been granted waste blending licenses (alternative fuel and raw material blending facilities), storage and sorting of waste for co-processing.

The Company offers waste management services via two waste pre-processing platforms located in Saraburi and Chonburi and industrial cleaning services via Rayong facility. The Company has been certified with ISO-9001:2015 ISO-14001:2015 and OHSAS-18001:2007 certifications.

The services include:

1. **Consulting and field services:** INSEE Ecocycle team of experts has a wide range of experience in the waste management industry. The Company assists waste generators in identifying the most efficient and effective solutions to meet their needs.
2. **Waste analysis and evaluation services:** The Company has skilled personnel and state-of-the-art laboratories equipped for analyzing the physical and chemical properties of waste materials.
3. **Waste transportation service:** The Company provides transportation in a variety of containers for non-hazardous and hazardous wastes. Our fleet of trucks is 100-percent equipped with GPS for real-time vehicle tracking system.
4. **Waste pre-processing and co-processing services:** The Company currently operates high-standard, licensed pre-processing facilities and equipment. Our waste pre-processing facilities include a liquid blending unit, solid blending unit and several automatic feeding systems at SCCC's cement kilns.
5. **Industrial services:** The Company offers specialist industrial cleaning services such as industrial chemical cleaning, decontamination, tank cleaning, high pressure pulse cleaning, foam cleaning to a wide range of customers.

### 2) Marketing and Competition

INSEE Ecocycle's customers include leading companies in oil & gas exploration and production, petrochemicals, automotive, electricity generation, fast moving consumer goods and other industry sectors. These industries generate waste from their operations. The companies who are concerned with protecting their reputation engage us to provide safe, environmentally sound and sustainable solutions that meet their internal requirements while

adhering to all regulatory requirements. The Company's goal is to make a real difference for our customers, their stakeholders and the environment. Most of the customers are aware of, and emphasize on environmentally sound waste management through zero waste to landfill policy. The Company partners with customers and stakeholders to develop and deliver "peace-of-mind" environmental management solutions to protect customers' reputation.

### **3) Procurement and Production**

INSEE Ecocycle was committed to continue improving its operation in line with integrated international standard on quality, environment and occupational health and safety. This has been proven in the awards the Company garnered. In 2017, Saraburi and Chonburi platforms received Gold Award on Best Practice Waste Processor and CSR-DIW Award from Department of Industrial Works. At the same time, the Chonburi platform also received Best Practice on Safety, Occupational Health and Environment Award from Department of Labour Protection and Welfare.

The Company is aware that its responsibility is more than managing our customers' waste. We are responsible for the care and protection of the customers' reputation. Just as important are all other stakeholders. The Company is mindful of the concerns of all stakeholders. We take pride in being the trusted partner for all customers and stakeholders. In 2017, The Company was selected by Department of Industrial Works as the trusted partner to participate in "**3 minutes AUTO E-license Pilot Project**" to shorten e-license approval process from 30 days to 3 minutes using artificial intelligence. This project helps facilitate and hasten the acceptance of wastes from the Company's customers.

Furthermore, INSEE Ecocycle partnered with Chulalongkorn University under "Chula Zero Waste Project" aimed at raising and building "Zero Waste" commitment and avoid landfill of waste materials. The Company played the key role in turning the University's waste into resources and co-processing it in SCCC's cement kilns which can help reduce greenhouse gases released into the environment.

### **4) Work in Progress**

None

## **Siam City Power Company Limited**

### **1) Products and Services**

Siam City Power Company Limited is a subsidiary of Siam City Cement Group founded in 2011, which generates electricity from waste heat arising from cement production and offers the good saving to Siam City Cement for the electrical energy cost. With the WHR technology, the Company has received Board of Investment (BOI) promotional privileges that received the exemption of import duty on machinery and granted corporate income tax for a period of Eight years as Promotion Certificate No.2331(2)/Aor/2554 plus three years of Promotion Certificate No. 59-1306-1-00-1-0.

Moreover, the Company seeks to increase its capacity by planning of alternative power generation such as solar energy project in soon.

## **2) Marketing and Competition**

Currently we produce electricity from hot air within the kilns at Siam City Cement plants with this service not yet available to third parties, although it is a prospective future business for the Company.

## **3) Procurement and Production**

### **Production**

Siam City Power has one plant with two production lines from kiln No. 5 and kiln No. 6 of Siam City Cement, capable of generating a maximum of 18 megawatts of electricity. To help reduce the energy cost of the Group, the Company has invested to increase its production capacity. The focus of this new plant is to increase a power plant capacity that can continuously generate high standard electricity in order to meet the customer's needs.

### **Raw Materials**

The main raw material used in generating electricity is the hot air waste from clinker-cooler room and the pre-heater tower in the clinker production process at SCCC's kiln No. 5 and kiln No. 6, respectively.

### **Service Works and Providers**

Service works required for factories consisted of machinery repairs and maintenance, security protection, and other services. Most services are employed by domestic service providers with the emphasis on quality and safety.

### **3.1 Environmental Impact from Production Process or Waste Disposal**

Previously released into the atmosphere, the two portions of hot air - one leaving the kiln's clinker-cooler room and the other from the pre-heater tower in the clinker production process at kiln No. 5 and kiln No. 6 production lines of Siam City Cement - are now put in a heat exchange where the hot air waste is fed to water to produce steam that drives steam turbines used in the generation of a maximum of 18 megawatts of electricity per production line.

Thus, our waste heat recovery plant has directly eased our environmental impact by reducing the amount of dust and lowering the temperature of waste heat before it is released to atmosphere.

The Company can also reduce the emission of carbon dioxide, which is a primary greenhouse gas and thus helping to global warming. This project was awarded an investment promotion and a machinery and import tax exemption privilege.

## **4) Work in Progress**

None

**Concrete and Aggregates Segment****Siam City Concrete Company Limited**

Siam City Concrete Company Limited consists of two main business units producing high quality ready-mixed concrete and aggregates. It offers reliable conventional products as well as value-added solutions such as concrete flooring.

**INSEE Concrete and INSEE Aggregates**

As one of leading suppliers of ready-mixed concrete in Thailand, INSEE Concrete aspires to deliver exceptional customer service through the enablement of world-class technology. INSEE Concrete has sustained its production and service excellence, through a process of continuous product development.

INSEE Aggregates is currently repositioning itself from a predominantly internal supply chain business, to that of an external customer enterprise offering High Performance Aggregates.

**1) Products and Services**

INSEE Concrete offers High Performance Concrete mixes with a range of designs to cover all project applications from general construction work to special purpose project work. INSEE's Customer Service Centre, provides customers with 24/7 service covering a range of activities from order receiving, dispatch and delivery information, as well as technical consultation.

With INSEE Aggregates's new production line scheduled to commence in Q1 of 2018, the business will offer its customers the highest standard of aggregates, backed by a compelling value proposition.

**2) Marketing and Competition**

Government spending and investment was the primary driver for growth of the ready-mixed concrete market in 2017, and this is expected to continue over the coming years. Private investment remains sluggish with many project commencements delayed or postponed due to political and economic uncertainty.

Nevertheless, the ready-mixed concrete and aggregates market has benefited from a number of large-scale construction projects from the Government. This is expected to continue to build in 2018 and beyond, providing growing private sector confidence.

Siam City Concrete continues to push towards High Performance and value-added products and services, which differentiates the business from its competitors as well as attracting higher margins.

The Company participates also across all market segments including residential, commercial, infrastructure and industrial, selling to a diverse customer base through direct and agent channels.

**3) Procurement and Production**

INSEE Concrete is fully supplied with cement from its parent, Siam City Cement Public Company Limited. This constitutes some 10 to 15 percent of the total mix proportion.

Aggregates and sand supply is from INSEE Aggregates where it is economically feasible to do so. This supply reach will continue to grow as the business commissions its further reserve deposits in future.

Other aggregates are sourced via a procurement and tendering process from locally sourced producers. In total, aggregates constitute 60 percent to 70 percent of the overall concrete mix proportion.

### **3.1 Environmental Impact from Production Process or Waste Disposal**

Siam City Concrete continues to strive to minimize and eliminate environmental impacts of production, by ensuring the highest standards of quarries, batch plant, trucks and operating practices are maintained.

Initiatives such as the Aggregates Recycling Machine, which separates the aggregates from the returned concrete, ensure that waste is minimized without any quality compromise.

### **4) Work in Progress**

None

### **INSEE Superblock Company Limited**

INSEE Superblock Company Limited is a professional manufacturer of light-weight concrete product (Autoclaved Aerated Concrete: AAC) under “INSEE Superblock” brand. There are three factories, with two factories located at Singburi Province and another factory in Ratchaburi Province. All three factories produce high-quality AAC products, certified by ISO-9001:2008, to ensure product quality suitable for all high-rise and low-rise buildings.

#### **1) Products and Services**

INSEE Superblock continues to develop AAC products to ensure quality and focuses on creating new value-added products and services to serve our customers as a partnership. A wide range of high-quality products has been launched by INSEE Superblock including staircase panel, roof panel, panel for swimming pool, and other decorative panel items.

#### **2) Marketing and Competition**

Overall, real estate and construction sectors in the domestic market remained sluggish, especially in the private residential segment. Moreover, the oversupply situation in light-weight concrete market brings pressure to price competition and the price cannot increase to align with the increasing costs of fuel and raw materials. However, the Company has managed cost reduction from internal management. The increased volume of value-added products and the geographical focus also helped to sustain business.

The Company is confident that light-weight concrete market in 2018 will improve on both price and demand. INSEE Superblock will focus on driving value added products and service. Differentiated products will be introduced into the market in a greater proportion to meet market needs and reduce construction time. This year, INSEE Superblock has approached a big project in government sector with value added products, Suvarnabhumi Airport phase II - the expansion of passenger terminal. This will be a great opportunity for INSEE Superblock to approach other airport expansion projects in other provinces. For light-weight block, we plan to expand our export market to leverage the price pressure in domestic market.

### 3) Procurement and Production

#### Production

INSEE Superblock factories produce high quality AAC products, certified by ISO-9001:2008. The total production capacity is approximately 7.2 million square meters.

#### Procurement of Raw Materials

The main raw materials are cement, sand, lime and aluminum powder. Most of the raw materials are sourced domestically, with the exception of aluminum powder which is imported from Germany and the Czech Republic.

**Sand:** INSEE Superblock has its own sandpit located four kilometers from the factory in Singburi Province. The sandpit is of large quantity that can sufficiently serve production needs well into the future.

**Cement:** INSEE Superblock buys cement from Siam City Cement Public Company Limited, the Parent Company which is a key cement producer in Thailand.

**Lime:** Currently, the lime supply is higher than its demand. The Company buys lime from five lime producers.

#### 3.1 Environmental Impact from Production Process or Waste Disposal

INSEE Superblock is proud of its policies to mitigate the environmental impacts of its production process and from its disposal of unwanted raw materials. The Company achieves this through both reuse and recycling processes and through the utilization of substitute raw materials, which account for more than 40 percent of total raw materials used in the entire production process. These actions have made “INSEE Superblock” the only light-weight concrete producer in Thailand to be certified with the Green Label from the Thailand Environment Institute Foundation.

One of the initiatives is the treatment of water from production process before discharging to public waterways. The Company has demonstrated that it has strictly complied with the laws as well as arranged activities with communities nearby the factories with whom the Company coexist on a sustainable manner.

### 4) Work in Progress

None

#### Other Products and Services

#### **Conwood Company Limited and PT. Conwood Indonesia**

##### 1) Product and Service

Conwood produces and distributes decorative products for architectural works under the registered trademark of “CONWOOD”. Our products are made from high quality Portland cement and cellulose fiber with Swiss manufacturing technology. These combine to ensure that CONWOOD products are unique and beautiful with the authentic look and feel of real wood. They are also durable in any weather conditions, termite-proof, and incombustible. CONWOOD products are suitable for many types of constructions and decorations, both interior and exterior, such as eaves and laths, walls, floors, and general decorative works. Moreover, the products can be developed to fit all kinds of architectural applications.



Product highlights in 2017 were CONWOOD Lap Siding C-Lock, CONWOOD Eave Fit, three series of CONWOOD Bench, and three series of CONWOOD Decorative Perforate. The new products were launched to solve usage issues among technicians, contractors and developers, as well as to add value in the CONWOOD products portfolio. After the launch, it was found that the new CONWOOD products were warmly welcomed by leading property developers, architects and home owners.

## **2) Marketing and Competition**

### **2.1 Marketing and Competition in Thailand**

In 2017, market competition was fierce due to the economic slowdown, the entrance of various alternative materials and the decline in consumer purchasing power and investor confidence. This brought a new challenge to Conwood to maintain market share. The Company then focused on quality improvement and the introduction of new products and solutions to the markets to maintain Conwood market positioning and market share. Moreover, we also emphasized on the value-added products by delivering the high margin products and solutions to the potential markets and target groups.

We enhanced its Product and Solution Development function to develop both products and solutions which can respond to the customers' needs, solve the users' problem, and increase the Company's competitive advantages in the long term.

In 2018, Company's business direction is to divide the market into two major groups: Business to Business market (B2B) and Business to Consumer market (B2C), and to maintain its key strategy by focusing on low-rise residential projects, architects, interior designers and contractors. We extend the strategy to expand CONWOOD brand awareness among homeowners by penetrating through social networking media. In addition, we gear itself to value-added products and solutions by developing the system to support customers' needs. i-SERVICE by CONWOOD, the installation service, will move aggressively by providing integrated solutions as One Stop Service Solution, such as, consulting, site surveying, product usage calculating, budget and timeline controlling, as well as one-year service guarantee to assure and facilitate the homeowners and project owners in term of Conwood's product utilization. The Company's key overseas market is still ASEAN, particularly, Vietnam and the Philippines which prefer decorative products with unique designs. We also intend to expand to other potential countries such as India, South Korea, Taiwan, China, and the Middle East.

### **2.2 Marketing and Competition in Indonesia**

In Indonesia, CONWOOD products have gained trust from key property developers, hotel networks and international restaurant chains. In 2017, "CONWOOD" continuously developed products and technology to differentiate its products from those of other brands. The Company also organized training workshops to educate local contractors on the variety of products with various usability, and spreading product distribution through modern and retail markets. The products were also used for furniture building or applied to home decorations, adding unique charm to the place.

Products under the "CONWOOD" brand have been impressively welcomed since its introduction in 2012 as demonstrated by a number of reader's choice awards and architectural awards. The Company aims to succeed through the CONWOOD brand



awareness, the experience the brand provides and the loyalty to the brand. CONWOOD products have also been favored by overseas designers. To-date, PT. Conwood Indonesia was honored as the Best Innovation & Technology by DOT Property Indonesia Award 2017, the Best Wall System by Bintang Home Award 2015, the Best Composite Panel by IDEA award 2015, and Product Recommended by Interior Designer Indonesia (HDII) 2014.

### **3) Procurement and Production**

#### **3.1 Procurement and Production in Thailand**

Conwood plant is located in Saraburi province and possesses three production lines with the capacity of 135,000 tons per year. The production process of all CONWOOD products is implemented under an environmental conservation policy. The Company has received the environmental management standard ISO-14001:2004 certification, the quality standard ISO-9001:2015 certification, and the occupation health and safety management standard OHSAS-18001:2007, while all products have also been endorsed as eco-friendly construction materials by the Singapore Green Label.

#### **3.2 Procurement and Production in Indonesia**

The Conwood plant started its first production line in June 2014 with the capacity to accommodate five production lines to meet growing domestic demand in Indonesia and the export market.

Conwood's production process is guided by strict environmental protection policies such as the environmental management standard ISO-14001:2015 certification, the quality standard ISO-9001:2008 certification, and the occupational health and safety management standard OHSAS-18001:2007. In addition, it has been recognized by Green Building Council Indonesia for its eco-friendly construction materials.

#### **3.3 Environmental Impact from Production Process and Waste Disposal**

With the Company's philosophy to be a green manufacturer, we have committed to recycle and reuse waste heat, waste water, and laminated trimmings as well as utilizing technology that is non-toxic, while other waste and dust are sent to be disposed by our subsidiary. Furthermore, we have consistently attempted to reduce energy consumption and optimize the use of natural resources. We believe that mitigating industrial pollution is the best investment we can make for our future.

### **4) Work in Progress**

None

#### **INSEE Digital Company Limited**

INSEE Digital Company Limited is a subsidiary of Siam City Cement Group that was established in 2013 to offer the complete digital technology and information technology services to the Group within Thailand and abroad, such as Chip Mong INSEE Cement Corporation in Cambodia, Siam City Cement (Bangladesh) Limited, Siam City Cement (Lanka) Limited and Siam City Cement (Vietnam) Limited. In the future, we are expected to expand its services to other customers outside the Group, particularly our business partners.

With the Digital Technology Services and Enterprise Software Development, the Company has received Board of Investment (BOI) promotional privileges with the exemption of import duty on machinery and a five-year corporate tax break until 2021.

### 1) Product and Service

INSEE Digital is the regional hub that acts as the business partner for all Group businesses units, helping them to apply digital and IT technology, including IT infrastructure and IT security and ensure compliance in their operations to create business differentiation and a competitive edge in the cement industry and the construction materials business.

### 2) Marketing and Competition

INSEE Digital is determined to be a credible and trusted partner who can offer digital and IT technology services to help create smart organization systems and connect our business with customers and business partners in real time. The goal is to enhance the potential and the efficiency of the organization while creating a competitive advantage for the Group and related parties by:

- **Being a digital technology expert** with thorough understanding of all components of information technology and digital technology so that it may be applied with maximum effectiveness for the Group and related parties to boost their competitiveness and create new business opportunities.
- **Offering excellence in IT services** to offer and oversee complete IT and digital technology services with exceptional quality and world-class standards for maximum satisfaction of service recipients.
- **Creating a smart insight-driven organization** by introducing the systems that will help connect all elements, from the start to the end, to offer the best experience and business intelligence to enhance the capacity and capability of users.
- **Representing the strength of Siam City Cement** by leveraging the intellectual property of Siam City Cement to become a leader in information technology and digital technology with the best operations to attain sustainable development.
- **Being the regional hub in IT and digital technology services** by transforming, expanding and strengthening our people and organization capabilities to become the regional service hub to support the regional growth of the Group.

At present, the Thai government is promoting the digital economic policies and Thailand 4.0 policies. Markets and business models are changing rapidly with advancement of digital system. All SCCC subsidiaries have recognized the importance and begun a process of transformation that steers the respective organizations toward adopting the appropriate digital technology to improve their business operations and also move toward being ready for the Industrial 4.0 era.

### 3) Procurement and Production

The Company selected the world class and well-known technologies currently available in the market for both software and hardware. All Information and digital technology solutions implemented at SCCC should be the platform for the future and be able to support future digital technology. All solutions implementation is developed by the Company's employees with support from the business partners. The Company hosted all solutions on both private and public cloud.

**3.1 Environmental Impact from Production Process and Waste Disposal**

None

**4) Work in Progress**

None

### 3. Risk Factors

#### 3.1 Business Risk

The Company's key marketing strategy aims to maintain market share by strengthening and expanding its market channels. The key channels for our existing product portfolio are traditional cement dealers and direct sales to ready-mixed concrete producers and concrete product manufacturers. In addition to those customers, the Company's subsidiaries are important main growth contributors, in the changing construction market.

The transformation through productivity and efficiency, is a key enabler that increases the Company's commitment to continuously improve end-user product experience and channel efficiency. This strengthens the Company's business partners and capability to distribute products to the market, which will eventually yield more opportunities and competitive advantages in the respective segments.

These new strategies start from market re-segmentation. We will be able to offer solutions that can fulfill market requirements and deliver the best value to end-users. The developed business models will also capture coming trends and support business partners' growth. Furthermore, the Company will focus on developing people competencies and capabilities to ensure a proper market response.

In addition, the Company is able to benefit from the surging cement demand from bordering countries; Cambodia, Myanmar and Laos. The key marketing strategy for these export markets is to ensure sufficient supply and reinforce the whole supply chain to forestall competitors' penetration into those markets.

#### 3.2 Environmental and Social Risks

Environmental and social issues are one of the significant risks which may affect business continuity i.e. business suspension or fines caused by legal non-conformance, community complaints, negative reputation, and to satisfy customers which require high environmental and social standards.

The Company realizes its importance and applies the principles of Sustainable Development (SD) into our business directives. The policy, strategy, and target resulting from the balancing of economic, social, and environmental dimensions called "SCCC Group Company SD Roadmap" were set and are continuously updated and improved. These cover the full supply chain and product life-cycle. In addition, we have implemented many national and international standards in order to control and monitor the environmental and social risks i.e. Environmental Management System (ISO14001:2015), Cement Sustainability Initiative (CSI), Environmental Product Declarations (EPD), Environmental, Social, and Governance (ESG), Green Industry (GI), Corporate Social Responsibility (CSR), Creating Share Value (CSV), etc.

#### 3.3 Operational risk

##### Energy and raw material supply risk

Fuel and electricity play a crucial role in the cement industry, accounting for over 70 percent of total production cost. The coal price has risen considerably since Q1 2017 as a consequence of global demand and in order to mitigate the sole source risks and control costs, alternative coal producers, in addition to current supplies from Indonesia and Australia, have been introduced. Electricity cost is also a challenge due to increases in base

tariff and automatic tariff adjustment (Ft) by the government. We plan to execute energy cost reduction projects consisting of a kiln waste heat recovery project (WHR) and PV Solar roof project which will supply electricity within 2018. Also additional, Alternative Fuels (AF) such as biomass energy are being considered.

The cost of raw materials is another important factor in cement production, and since mid-2016 the price of raw materials, such as gypsum, clay, limestone, etc have started to move up, due to the cost of diesel fuel. Replacing raw materials is an option for reducing production costs, but the quality of the goods delivered to the customer must be the same or better than the original. Therefore, we look to establish good relationships with our suppliers, working together to develop better quality raw materials including innovative projects, to help improve the production process, and mitigate the cost risk.

### Health and Safety Risk

The Company believes that injuries and occupational illnesses are preventable. We apply OH&S standards and directives, define organizational accountabilities, provide necessary resources and training, manage performance and minimize risk to employees, contractors/subcontractor, third parties and the community. In order to develop an interdependent OH&S culture among the people in our operation, we developed an OH&S Training Database for employees and contractors, providing safety training material. We also constructed a confined space training station, and regularly audit our OH&S Green Pyramid system and many other policies to enhance safety and occupational health in Saraburi operations.

## **3.4 Financial Risk**

### Exchange Rate Risk

The Company engages in both export and import activities. A major part of our exchange rate risk is naturally hedged by the balance of the import of raw materials, parts and supplies with our export revenue. The remaining net exposure is mitigated through forward booking, leading and lagging of payments/receipts of foreign currency transactions. In addition, the Company does not have any material foreign currency loans outstanding while encouraging its oversea subsidiaries to finance their financing need in local currencies to be matched with their normal cash generation. We expect to receive dividend in foreign currencies from its oversea companies and movement of those local currencies would impact such investment return. Foreign currency hedging, i.e. forwards, options will be effectively used to mitigate such risks.

### Interest Rate Risk

The Company and its subsidiaries expose to interest rate risk related primarily to their interest-bearing cash at banks, short-term loans, long-term loans and debentures. The Company has maintained an optimal balance between the floating interest rate and the fixed interest rate to mitigate the impact of volatile interest rates. However, since most of the Company and its subsidiaries' financial assets and liabilities bear fixed interest rates or floating interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

### Credit Risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to the trade receivables. Such risk is managed by adopting appropriate credit control policies and procedures together with varieties of instruments and methods such as bank guarantees, letters of credit and trade insurance contracts and periodic credit assessment to mitigate the credit risk.

### Liquidity Risk

The Company can be subject to unforeseen shortfall in cash. Our corporate finance unit actively monitors the liquidity position of the Group and always maintains an adequate level of cash and/or credit lines to meet our financial obligations and to mitigate the effects of fluctuations in cash flows.

#### 4. OPERATING ASSETS OF THE COMPANY AND ITS SUBSIDIARIES

##### 4.1 Key fixed assets

Objective: For business operations of the Company and its subsidiaries as at 31 December 2017.  
(Unit: Million Baht)

	Type of rights	SCCC	Subsidiaries	Total
Land, mineral reserve and site restoration	Owner	1,079	1,537	2,616
Building and structures	Owner	2,580	6,739	9,319
Machinery and equipment	Owner	7,692	11,007	18,699
Furniture, fixtures and office equipment	Owner	395	314	709
Motor vehicles	Owner	584	317	901
Assets under construction and installation	Owner	2,761	2,458	5,219
<b>Total Property, Plant and Equipment</b>		<b>15,091</b>	<b>22,372</b>	<b>37,463</b>

Remark : Property, Plant and Equipment are not mortgaged.

##### 4.2 Intangible assets (Unit: Million Baht)

	Type of rights	SCCC	Subsidiaries	Total
Mining concession	Owner	1,723	139	1,862
Computer software	Owner	55	1,212	1,267
Customer relationship	Owner	-	92	92
Brands	Owner	-	3,551	3,551
Right of use	Owner	-	3,897	3,897
Other intangible assets	Owner	120	124	244
Intangible assets under development	Owner	220	353	573
<b>Total Intangible Assets</b>		<b>2,118</b>	<b>9,368</b>	<b>11,486</b>

The Company and its subsidiaries have trademarks and concessions for shale and limestone mining (for cement industry) in Kaengkhoi, Saraburi, limestone mining (for construction industry) in Uthong, Suphanburi, Gypsum mining in Nongbue, Nakornsawan and for limestone mining (for cement industry) in Puttalam, Sri Lanka and plant license for aggregates operation in Uthong, Suphanburi and land leasehold in Hemaraj, Supanburi for industrial waste disposal and alternative fuel and raw material trading and right of land using in Hiep Phuoc, Ho Chi Minh and Nhon Trach, Dong Nai, Vietnam



**Executive summary of the existing mining concessions**

Concession Holder	Area (Province)	Type of Granted Mineral Concession	Number of Concession	Land Size (Rai)	Validity of Concession (year)	Concession Expiration (year)
Siam City Cement Public Company Limited	Nakhon Ratchasima	Soil Cement of Cement Industry	1	126-1-99	4	2022
	Nakhon Ratchasima	Soil Cement of Cement Industry	2	409-2-32	19	2037
	Saraburi	Soil Cement of Cement Industry	2	68	4	2022
Siam City Cement Public Company Limited	Saraburi	Limestone and Shale for Cement Industry	20	4420-3-02	12	2030
	Saraburi	Limestone and Shale for Cement Industry	1	229-0-72	11	2029
	Saraburi	Limestone and Shale for Cement Industry	11	2261-1-90	1 year 4 months	2019
	Saraburi	Limestone and Shale for Cement Industry	1	285-0-78	4 months	2018
	Saraburi	Limestone and Shale for Cement Industry	1	285-3-00	-	2017
	Nakhon Sawan	Gypsum	2	585-0-82	4	2022
	Lampang	Limestone and Shale for Cement Industry	6	1627-2-00	3	2021
	Suphan Buri	Limestone for Construction Industry	1	293-1-15	-	2016
	Suphan Buri	Limestone for Construction Industry	1	299-2-92	3	2021

## **5. Legal Disputes**

**5.1** Dispute that may adversely affect the Company assets by over 5% of the shareholders' equity as at 31 December 2017.

-None.-

**5.2** Pending dispute that may materially affect the Company's business operation that cannot be assessed in term of monetary value.

-None.-

**5.3** Pending dispute not arising out of the normal course of business of the Company or its subsidiaries.

-None.-

## 6. General Information and Other Important Information

### 6.1 General Information

- (1) Company Name, Head Office, Type of Business, Registration No., Telephone No., Fax No., Website, Type and Amount of Issued/Paid-up Shares.

Company Name:	Siam City Cement Public Company Limited
Stock Code:	SCCC
Registration No.:	0107536001346 (Formerly, BorMorJor. 208)
Type of Business:	Cement production and distribution
Head Office:	Column Tower, 3 <sup>rd</sup> , 10 <sup>th</sup> - 12 <sup>th</sup> Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand
Factory:	<p>Plant 1 and Plant 3, 99 Moo 9, Mitraparp Road, Km. 129, Thap Kwang Sub-district, Kaeng Khoi District, Saraburi Province, 18260, Thailand</p> <p>Plant 2, 219 Moo 5, Mitraparp Road, Km. 131, Thap Kwang Sub-district, Kaeng Khoi District, Saraburi Province, 18260, Thailand</p> <p>Mortar Plant, 41/2 Moo 5, Mitraparp Road, Km. 129, Thap Kwang Sub-district, Kaeng Khoi District, Saraburi Province, 18260, Thailand</p> <p>AFR Platform, 301 Moo 5, Mitraparp Road, Km.133, Thap Kwang Sub-district, Kaeng Khoi District, Saraburi Province, 18260, Thailand</p>
Telephone:	+ 66 2 797 7000
Fax:	+ 66 2 797 7001 to 2
Website:	<a href="http://www.siamcitycement.com">http://www.siamcitycement.com</a>
Company's Ordinary Shares Issued and Paid-up:	298,000,000 ordinary shares with the par value of 10 Baht per share.

- (2) Company Name, Head Office, Type of Business, Telephone No., Fax No. of the Legal Entities held by the Company for Over 10% of Paid-up Shares of Such Entities, as of 31 December 2017

Company Name	Type of Business / Product	Registered Capital (million Baht)	Number of Issued & Paid-up Ordinary (million shares)	% Direct Shareholding
<b>Held by Siam City Cement Public Company Limited</b>				
<b>Siam City Concrete Company Limited</b> Column Tower, 3 <sup>rd</sup> , 10 <sup>th</sup> - 12 <sup>th</sup> Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: + 66 2 797 7555 Fax: + 66 2 797 7005	Ready-mix Concrete and Aggregates	2,500	25	100.00
<b>INSEE Superblock Company Limited</b> Column Tower, 3 <sup>rd</sup> , 10 <sup>th</sup> - 12 <sup>th</sup> Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: + 66 2 797 7000 Fax: + 66 2 797 7001-2	Light-weight Concrete product	500	5	100.00
<b>Conwood Company Limited</b> Column Tower, 3 <sup>rd</sup> , 10 <sup>th</sup> - 12 <sup>th</sup> Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: + 66 2 797 7444 Fax: + 66 2 797 7004	Construction Material	300	3	100.00
<b>INSEE Ecocycle Company Limited</b> Column Tower, 3 <sup>rd</sup> , 10 <sup>th</sup> - 12 <sup>th</sup> Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: + 66 2 797 7000 Fax: + 66 2 797 7001-2	Industrial Waste Disposal and Alternative Fuel and raw Material Trading and Industrial Cleaning Service Business	400	4	100.00
<b>Siam City Power Company Limited</b> Column Tower, 3 <sup>rd</sup> , 10 <sup>th</sup> - 12 <sup>th</sup> Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: + 66 2 797 7000 Fax: + 66 2 797 7001-2	Electricity Generation from Waste Heat	2,000	20	100.00
<b>INSEE Digital Company Limited</b> Shinawatra Tower 3, 32 <sup>nd</sup> Floor, 1010 Vipavadi Road, Chatuchak, Bangkok 10900 Thailand Tel: + 66 2 797 7000	Technical Service and Information Technology Management and Development Services	700	7	100.00
<b>Globe Cement Company Limited</b> 1910 Electrolux Building, 12 <sup>th</sup> Floor, Zone B, New Petchaburi Road, Bangkapi, Huay Kwang, Bangkok 10310, Thailand Tel: +66 2 365 9510 Fax: +66 2 718 0250	Cement Manufacturing	701	7.01	100.00
<b>Siam City Cement Trading Company Limited</b> Column Tower, 3 <sup>rd</sup> , 10 <sup>th</sup> - 12 <sup>th</sup> Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: + 66 2 797 7000 Fax: + 66 2 797 7001-2	Cement Trading	10	1	100.00

Company Name	Type of Business / Product	Registered Capital (million Baht)	Number of Issued & Paid-up Ordinary (million shares)	% Direct Shareholding
<b>Siam City Cement (Bangladesh) Limited</b> 75, Suhrawardi Avenue, Block-K, Dhaka-1212, Dhaka, Bangladesh Phone: +88-09609011200	Cement Manufacturing	2,800 million Taka	48.74	100.00
<b>Siam City Cement (Lanka) Limited</b> 413, R.A. De Mel Mawatha Colombo 03 Sri Lanka Phone: +94 11 7 800800	Cement Manufacturing	1,663 million Sri Lankan Rupee	166	98.95
<b>Siam City Cement (Vietnam) Limited</b> 9th – 10th floor, Ruby Tower 81 -85 Ham Nghi st, Dist 1, Ho Chi Minh City, Vietnam Tel.: +84 8 3914 9000 Fax: +84 8 3914 9001	Cement Manufacturing	3,030.4 million VND	Charter Capital	65.00
<b>Lanna Resources Public Company Limited</b> 888/99 Mahathun Plaza Building, 9th Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330, Thailand Tel: +66 2 253 8080 Fax: +66 2 253 5014, +66 2 253 6822	Coal Production and Distribution	525	525	44.99
<b>Thai Agro Energy Public Company Limited</b> 888/114 Mahatun Plaza Building, 11th Floor, Pleonchit Road, Lumpini, Pathumwan, Bangkok 10330, Thailand Tel: +66 2 627 3890-94 , +66 2 255 4380-84 Fax: +66 2 627 3889	Ethanol Production and Distribution	1,000	1,000	4.72
<b>Chip Mong INSEE Cement Corporation Limited</b> ANINA Building, No. 240, Street 271, Sangkat Boeung Tumpun, Khan Mean chey, Phnom Penh, Cambodia Tel: +855 23 216 380 Fax: +855 23 215 749	Cement	150 million USD	0.075	40.00
<b>Held by Conwood Company Limited</b>				
<b>PT. Conwood Indonesia</b> Menara Jamsostek, North Tower, 15th Floor, Jl. Jenderal Gotot Subroto No. 38 South Jakarta 12930, Indonesia Tel: +62 21 5296 2146 Fax: +62 21 5296 2147	Construction Material	78.3 million USD	78	100.00
<b>Held by Siam City Cement (Lanka) Company Limited</b>				
<b>SCCC Galle Cement Terminal (Private) Ltd.</b> 413, R.A. De Mel Mawatha Colombo 03 Sri Lanka Phone: +94 11 7 800800	Cement Trading	1,460 million Sri Lankan Rupee	146	100.00
<b>Mahaweli Marine Cement (Private) Ltd.</b> 413, R.A. De Mel Mawatha Colombo 03 Sri Lanka Phone: +94 11 7 800800	Cement Trading	48 million Sri Lankan Rupee	4.8	90.00
<b>Held by Siam City Cement (Vietnam) Limited</b>				
<b>Siam City Cement Nhon Trach Limited</b> 9th – 10th floor, Ruby Tower 81 -85 Ham Nghi st, Dist 1, Ho Chi Minh City, Vietnam Tel.: +84 8 3914 9000 Fax: +84 8 3914 9001	Cement Manufacturing	812.1 million VND	812.1	100.00

## (3) Other references

**Share Registrar:**

Thailand Securities Depository Company Limited  
93 The Stock Exchange of Thailand Building  
Rachadapisek Road, Din Daeng,  
Bangkok 10110, Thailand  
Tel: + 66 2 009 9000  
Fax: + 66 2 009 9991  
Call Center: + 66 2 009 9999

**Debenture Registrar:**

Bank of Ayudhya Public Company Limited  
1222 Rama III Road, Bang Phongphang, Yan Nawa  
Bangkok 10120, Thailand  
Tel: + 66 2 296 4494  
Fax: + 66 2 683 1389

**Debenture Representative:**

TMB Bank Public Company Limited  
3000 Phaholyothin Road, Chom Phon, Chatuchak  
Bangkok 10900, Thailand  
Tel: + 66 2 230 5449  
Fax: + 66 2 266 9779

Bank of Ayudhya Public Company Limited  
1222 Rama III Road, Bang Phongphang, Yan Nawa  
Bangkok 10120, Thailand  
Tel: + 66 2 296 4494  
Fax: + 66 2 683 1389

Bangkok Bank Public Company Limited  
333 Silom Road, Bangrak  
Bangkok 10500, Thailand  
Tel: + 66 2 231 4333  
Fax: + 66 2 231 4742

**Auditors:**

Miss Sarinda Hirunprasurtwutti  
Certified Public Accountant No. 4799  
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